

Message Text

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46

ACTION EA-14

INFO OCT-01 ADP-00 IO-13 DPW-01 AID-20 EUR-25 OMB-01

CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10

PA-03 RSC-01 PRS-01 SS-15 USIA-15 TRSE-00 RSR-01 /144 W

----- 101440

R 161020Z AUG 73

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC 6036

INFO AMCONSUL NHA TRANG

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMCONSUL DANANG

CINCPAC

USDEL JEC PARIS

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CINCPAC FOR POLAD

E.O. 11652: N/A

TAGS: PINT, ECON, VS

SUBJ: UPPER HOUSE DEBATES VAT

1. THE UPPER HOUSE AUG 16 CONVENED AN EXTRAORDINARY PELNARY SESSION TO DEBATE THE VALUE ADDED TAX (VAT). THE SESSION WAS HELD AT THE REQUEST OF OPPOSITION LEADER VU VAN MAU, LILY GROUP MEMBER VU MINH TRAN, AND NINETEEN OTHER SENATORS. THIS WAS MORE THAN ENOUGH TO CALL AN EXTRAORDINARY SESSION UNDER ARTICLE 47 OF THE CONSTITUTION. ALTHOUGH THEIR PETITION WAS MADE PRIOR TO PRESIDENT THIEU'S RECENT CHANGES IN VAT, THEY STILL FELT UPPER HOUSE ACTION WAS NECESSARY ON THE ISSUE.

2. MOST SENATORS WELCOMED THIEU'S CHANGES, AND DEBATE CENTERED ON WHETHER THE AMENDMENTS WERE VALID AS PROMULGATED OR WHETHER NEW LEGISLATION WAS NEEDED TO LEGALIZE THEM. SAIGON NEWSPAPERS

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ORWERE ASKED TO PUBLICIZE THE FACT THAT SENATORS HAD SUBMITTED THREE

DRAFT AMENDMENTS TO VAT LAST JUNE TO THE LOWER HOUSE FOR LEGISLATIVE ACTION, BUT THESE HAD SO FAR BEEN SHELVED.

3. SOME OPPOSITIONISTS BITTERLY CRITICIZED VAT IN PRINCIPLE, REQUEST THE RESIGNATION OF ECONOMY MINISTER PHAM KIM NGOC, FINANCE MINISTER HA XUAN TRUNG, AND TAX DIRECTOR GENERAL NGUYEN HAI BINH. PRO-ADMINISTRATION SENATORS DEFENDED THIEU'S MEASURES AS LEGALLY SUFFICIENT IN THEMSELVES. ONE SAID CAUSTICALLY THAT THE OPPOSITION ATTACK ON VAT WASHOULD BE IMPRESSIVE SINCE AFTER THIEU'S CHANGES IT WAS LIKE "PUSHING ON AN OPEN DOOR."

4. THE DEBATE ENDED WHEN A SUGGESTION WAS ACCEPTED BY CHAIRMAN NGUYEN VAN HUYEN THAT THE PETITIONING SENATORS SHOULD RE-DRAFT THEIR RECOMMENDATIONS FOR LEGISLATION ON VAT AND SUBMIT THEM AT A LATER EXTRAORDINARY SESSION. HUYEN ANNOUNCED HIS READINESS TO CONVENE SUCH A SESSION BUT GAVE NO DATE.

5. COMMENT: PRESIDENT THIEU'S RECENT CHANGES IN VAT SEEM TO HAVE LEFT THE PETITIONING SENATORS IN SOME DISARRAY ON THE ISSUE, BUT THEY WERE OBVIOUSLY UNWILLING TO LET HIM GET AWAY SCOT FREE. MARTIN

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